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FM SECSTATE WASHDC

TO AMEMBASSY DAR ES SALAAM

AMEMBASSY NAIROBI

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FOLLOWING TELEGRAM FROM BUJUMBURA DATED DECEMBER 5, 1975 SENT
SECSTATE WASHDC INFO ALGIERS, KIGALI, KINSHASA IS REPEATED TO
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SUBJECT: EFFORTS OF ENTERPRISE AIRLINES IN BURUNDI

REF KIGALI 628

1. DURING TWO WEEK STAY IN BURUNDI, ENTERPRISE AIRLINE
PRESIDENT WAYNE MARMON MADE NO EFFORT TO CONTACT EMBASSY, BUT
JUST BEFORE DEPARTURE, HE ACCEPTED EMBOFF INVITATION TO DISCUSS
HIS INTERESTS IN BURUNDI. THIS LED TO FURTHER LONG TALK
BETWEEN MARMON AND AMBASSADOR. ON BASIS OF THESE CONVERSATIONS,
IN WHICH MARMON KEPT MOSTLY TO GENERALITIES, AND ON BASIS OF
INFORMATION GLEANED FROM GRB SOURCES, INCLUDING A SENIOR
EUROPEAN ADVISER AT BURUNDI'S CENTRAL BANK, THE FOLLOWING
SEEMS TO BE A GENERAL OUTLINE OF WHAT MARMON IS UP TO HERE.

2. MARMON'S FORMAL LETTER TO AIR BURUNDI PROPOSES THAT
ENTERPRISE AIRLINES ARRANGE THE PURCHASE AND FERRYING TO BURUNDI
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OF TWO BOEING 707 320-C'S. (DC-8'S WERE NEVER MENTIONED). FEES

FOR THIS SERVICE, WHICH WOULD COST GRB DOLLARS 2.57 MILLION, WOULD INCLUDE ONE MILLION FOR PURCHASING TWO 707 OPTIONS CURRENTLY HELD BY MARMON'S FLORIDA-BASED CONTINENTAL AIRLINE COMPANY, AND FOR SECURING A MORTGAGE THEREON. THE REMAINING 1.57 MILLION WOULD BE APPLIED TO OUTFITTING THE AIRCRAFT AND TO FUNDING FAA INSPECTIONS, CREWS, FUEL, SPARE PARTS, AND AIRPORT LANDING FEES INCURRED ENROUTE TO BURUNDI. MARMON ALSO OFFERED TO LINE UP FINANCING FOR THE GRB'S PURCHASE OF THE AIRCRAFT, BUT NEITHER IN THIS LETTER NOR IN TALKS WITH EMBOFFS DID HE REVEAL FINANCIAL SOURCES. AN ATTACHMENT TO THE PROPOSAL OFFERED "ADDITIONAL BONUS", IN THAT ANY UNUSED PORTION OF GRB'S 2.57 MILLION PAYMENT COULD BE APPLIED AGAINST OPTIONS FOR TWO NEW C-130'S PRESENTLY HELD BY ENTERPRISE AIRLINES.

3. MARMON'S LETTER ALSO PROPOSED FORMATION OF A "JOINT VENTURE COOPERATIVE" BETWEEN ENTERPRISE AIRLINES AND AIR BURUNDI ON A 49-51 PERCENT OWNERSHIP BASIS. THE PROPOSAL DID NOT OFFER ANY ENTERPRISE AIRLINES CASH CONTRIBUTION, BUT DECLARED MARMON'S WILLINGNESS TO PUT UP PERSONALLY OWNED ASSETS (PARA 11) AS PART OF ENTERPRISE AIRLINE'S CONTRIBUTION.

4. FORMAL LETTER WAS ACCOMPANIED BY PROPOSED "STATUTES OF INCORPORATION", WHICH SPELLED OUT ACTIVITIES THAT ENTERPRISE AIRLINES WOULD BE WILLING TO UNDERTAKE ON BEHALF OF THE "JOINT VENTURE". THESE INCLUDED LAYING OUT AIR CARGO ROUTES, WHICH WOULD TIE BURUNDI TO SOME OR ALL OF SUCH PLACES AS SOUTH AFRICA, DAR ES SALAAM, MOMBASA, KINSHASA, KIGALI, BRUSSELS, AND (SIC) MONTEVIDEO; ARRANGING FINANCING FOR ADDITIONAL AIRCRAFT PURCHASES; AND CONTRACTING TO OPERATE AND SUPPLY ALL NECESSARY SUPPORT AND MAINTENANCE FACILITIES.

5. NO DOCUMENTS SUBMITTED BY MARMON HAVE GIVEN ANY EVIDENCE THAT HE HAS CONSIDERED WHETHER SUCH AIR CARGO CAPABILITIES COULD BE OPERATED PROFITABLY. IN FACT, IN HIS NOVEMBER 27 TALK WITH EMBOFFS, MARMON SHOWED THAT HE HAD NO KNOWLEDGE OF BURUNDI'S MOST BASIC ECONOMIC STATISTICS, INCLUDING THE VOLUME, STRUCTURE, AND VALUE OF ITS IMPORTS AND EXPORTS. (ON UNLIKELY CHANCE HE MAY BE SERIOUS, WE HAVE SUPPLIED HIM BASIC UNCLASSIFIED DATA.)

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6. THE GRB HAS SHOWN SOME INTEREST IN MARMON'S PROPOSAL, BY GOING SO FAR AS TO CONVENE MINISTERIAL LEVEL MEETING TO DISCUSS OFFER AND TO ARRANGE MEETING FOR MARMON WITH CENTRAL BANK PRESIDENT. SO FAR, HOWEVER, GRB HAS NOT FOUND OFFER TEMPTING ENOUGH TO TRY TO DEVISE WAYS FOR RAISING THE MONEY, ALTHOUGH HE HAS BEEN TOLD HE WOULD BE WELCOME TO INVEST OWN FUNDS IN BURUNDI. THIS PROBABLY MEANS HIS PROPOSALS WILL NOT GET OFF THE GROUND HERE, SINCE MARMON TOLD EMBOFFS THAT HIS FINANCIAL BACKERS

WILL NOT SUPPORT HIM WITHOUT TEN TO TWENTY PERCENT PARTICIPATION OF HOST GOVERNMENT IN PROJECT. IN ADDITION, EMBOFFS HAVE WARNED SEVERAL SENIOR GRB OFFICIALS THAT, ALTHOUGH EMBASSY HAS NOTHING TO ADVISE EITHER FOR OR AGAINST MARMON, THE GRB SHOULD BE VERY CAUTIOUS BEFORE ENTERING IN TO ANY ARRANGEMENT APPARENTLY BASED ON SUCH INADEQUATE STUDIES AS THIS SCHEME. ALSO THE GRB SHOULD CHECK WITH EMBASSY BEFORE IT COMMITS ITSELF TO INVESTMENT PLAN OF THIS TYPE WITH AMERICAN COMPANY.

7. CONCERNING OPERATIONS ELSEWHERE, MARMON SAID THAT HIS 16 DAY VISIT TO RWANDA RESULTED IN THE FORMATION OF A PRIVATE COMPANY THROUGH WHICH HE WOULD SELL AIRCRAFT AND, IF FEASIBLE, EVENTUALLY INITIATE AIR CARGO OPERATIONS THERE. HE ADDED, HOWEVER, THAT GOR, LIKE GRB, SEEMED NOT TO HAVE THE MEANS TO BUY AIRCRAFT OR TO PARTICIPATE IN HIS AIR CARGO PROJECT. (RWANDAN AMBASSADOR HERE HAS CONFIRMED THAT THIS IS THE CASE.) NONETHELESS, MARMON INTENDS TO MAINTAIN OPTIONS ON THE TWO C-130'S WHICH HE STILL HOPES EVENTUALLY TO SELL TO RWANDA.

8. MARMON ALSO SAID HE HAD NEGOTIATED TENTATIVE AIRCRAFT SALES IN MIDDLE EAST, BUT WOULD NOT DIVULGE IN WHICH COUNTRY OR COUNTRIES. HE CLAIMS TO BE TRYING TO WORK OUT A LARGE-SCALE AIR CARGO SERVICE TO HAUL AROUND MEDITERRANEAN AND PERSIAN GULF SOME OF THE HUGE AMOUNTS OF HIGH VALUE TECHNOLOGICAL EQUIPMENT BEING IMPORTED BY OPEC COUNTRIES.

9. WHEN ASKED WHAT COMES NEXT, MARMON SAID HE MUST EVALUATE INFORMATION HE HAS DEVELOPED DURING VISITS IN RWANDA, BURUNDI, AND MIDDLE EAST FOR PRESENTATION OF RESULTS TO HIS BUSINESS ASSOCIATES, AS BASIS FOR DECIDING NEXT STEPS. APPARENTLY HE THINKS THAT SMALL AMOUNTS OF CARGO BUSINESS AVAILABLE IN RWANDA, BURUNDI, AND NEARBY AFRICAN COUNTRIES COULD BE RATIONALLY TIED IN WITH HIS MIDDLE EAST OPERATIONS FOR ADDITIONAL LIMITED OFFICIAL USE

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PROFITS. WE DOUBT THAT HE IS CORRECT IN THIS VIEW OF AN AFRICAN ADD-ON, BUT, IN ANY CASE, HIS MAIN INTEREST SEEMS TO BE AIRCRAFT SALES, WHILE LETTING OTHERS WORRY ABOUT PROFITABILITY OF CARGO OPERATIONS IN CENTRAL AFRICA.

10. EMBASSY HAS NO EVIDENCE THAT MARMON MAY BE TRYING TO CONDUCT HIS BUSINESS ILLEGALLY OR IMPROPERLY IN BURUNDI, BUT HE IS CLEARLY A FAIRLY FREE WHEELING DEALER AND OPERATOR ON A SMALLISH SCALE. BEYOND THIS, HE GAVE NO INDICATION OF POSSESSING THE BUSINESS SKILLS WHICH ONE WOULD EXPECT OF AN EXPERIENCED, SUCCESSFUL AIRCRAFT PEDDLER. HE MAY HAVE BUILT UP A BUSINESS WITH A RESPECTABLY TURNOVER (HE SAYS ABOUT 33 MILLION DOLLARS A YEAR) IN THE U.S., BUT HE HAD DONE NO HOMEWORK FOR BURUNDI AND LACKED SAVOIR FAIRE FOR LOCAL DEALINGS. HE ALSO HURT HIS FLEDGLING LOCAL REPUTATION, INDIDENTALLY,

BY GIVING THE CENTRAL BANK TWO U.S. BANKING REFERENCES, WHICH, WHEN CHECKED, COULD PRODUCE NO RECORDS ON MARMON AT ALL.

11. FOR THE RECORD, MARMON WHO SAYS HE IS A PILOT, PRESENTED HIS ASSETS AND BUSINESS INTERESTS TO EMBOFFS AS FOLLOWS: A. WAYNE M. MARMON, PRESIDENT, ENTERPRISE AIRLINES, 432 NORTHAVEN DRIVE, DALY CITY, CALIFORNIA. ENTERPRISE OWNS FIVE CONVAIR 880'S, VALUED AT ABOUT DOLLARS 25 MILLION (WHICH HE ADMITS ARE A SHORT OF WHITE ELEPHANT IN U.S. NOW), PLUS ABOUT DOLLARS 7.5 MILLION IN SPARE ENGINE PARTS AND TOOLING, AND HOLDS OPTIONS TO BUY TWO C-130'S, WORTH ABOUT DOLLARS 34 MILLION.

B. CONTINENTAL AIRCRAFT COMPANY, LAKELAND, FLORIDA, IN WHICH MARMON SERVES AS CHAIRMAN OF BOARD AND FOR WHICH HE OWNS 42 AND ONE HALF PERCENT OF STOCK WORTH ABOUT DOLLARS 691,000. (HE ALSO CLAIMED TO OWN PERSONALLY DOLLARS 1.75 MILLION OF UNNAMED ASSETS APPARENTLY ASSOCIATED WITH CONTINENTAL.) HE SAID CONTINENTAL OPERATES TWO DC-3'S, TWO DC-4'S, A LEAR LODESTAR, AND A DOUGLAS A-26-1649 SUPER CONSTELLATION. IN ADDITION, CONTINENTAL HOLDS OPTIONS ON TWO BOEING 707 320-C'S, WHICH IT IS PRESUMABLY TRYING TO OFFLOAD ONTO BURUNDI. FROM CONVERSATION IT APPEARED THAT THE DEBTS OF MARMON'S COMPANIES ARE ALMOST AS LARGE AS THEIR ASSETS. THE IDEA OF DRUMMING UP SOME PROMISING DEALS ABROAD SEEMS TO HAVE COME TO HIM AS ECONOMIC PRESSURES DURING THE CURRENT RECESSION MOUNTED AT HOME. MARK UN-

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